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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10 UNICOLORS, INC.,

11 Plaintiff,

12 v.

13 MACY'S, INC.; NOTATIONS, INC.,

14 Defendants.
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16
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Case No. CV 15-00661-AB (Ex)

**ORDER DENYING PLAINTIFF'S
MOTION FOR SUMMARY
JUDGMENT AND DENYING
DEFENDANTS' MOTION FOR
SUMMARY ADJUDICATION (DKT.
NOS. 24, 26)**

18
19 Plaintiff Unicolors, Inc. ("Unicolors") filed this lawsuit on January 28, 2015
20 against Defendants Macy's Inc. ("Macy's") and Notations, Inc. ("Notations")
21 (collectively referred to as "Defendants"). (Dkt. No. 1, Complaint ("Compl.")). The
22 complaint alleges that Defendants infringed Unicolors's copyrighted two-dimensional
23 artwork used for textile printing called GD201 (the "Subject Design") by
24 manufacturing, distributing, and selling fabric and garments featuring an identical or
25 substantially similar design. (*Id.* at ¶¶ 11-14.) Unicolors alleges claims for copyright
26 infringement and vicarious and/or contributory copyright infringement. (*See*
27 *generally* Compl.)

28 Before the Court are two Motions for Summary Judgment filed by the parties in

1 this copyright infringement action. (Dkt. Nos., 24, 26.) Unicolors requests that the
2 Court grant summary judgment on the ground that Unicolors has successfully
3 demonstrated its claim for copyright infringement against Defendants. (Dkt. No. 26
4 (“Pl. Mot.”).) Defendants seek summary judgment based on Unicolors’s failure to
5 provide proof of additional profits of the Defendants’ alleged infringement. (Dkt. No.
6 24 (“Def. Mot.”).) Both Parties filed an Opposition and a Reply to the respective
7 motions. (Dkt. Nos. 33, 34, 37, 44-46.) Oral argument was held on January 4, 2016.
8 (Dkt. No. 59.)

9 Having carefully reviewed the materials submitted by the parties and the
10 arguments presented during oral argument, and for the reasons indicated below, the
11 Court **DENIES** both motions.

12 I. LEGAL STANDARD

13 A motion for summary judgment must be granted when “the pleadings, the
14 discovery and disclosure materials on file, and any affidavits show that there is no
15 genuine issue as to any material fact and that the movant is entitled to judgment as a
16 matter of law.” Fed. R. Civ. P. 56(c); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242,
17 247–48 (1986). The moving party bears the initial burden of identifying the elements
18 of the claim or defense and evidence that it believes demonstrates the absence of an
19 issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Where the
20 nonmoving party will have the burden of proof at trial, the movant can prevail merely
21 by pointing out that there is an absence of evidence to support the nonmoving party’s
22 case. *Id.* The nonmoving party then “must set forth specific facts showing that there
23 is a genuine issue for trial.” *Anderson*, 477 U.S. at 248.

24 “Where the record taken as a whole could not lead a rational trier of fact to find
25 for the nonmoving party, there is no ‘genuine issue for trial.’” *Matsushita*, 475 U.S. at
26 587. The Court must draw all reasonable inferences in the nonmoving party’s favor.
27 *In re Oracle Corp. Sec. Litig.*, 627 F.3d 376, 387 (9th Cir. 2010) (citing *Anderson*,
28 477 U.S. at 255). Nevertheless, inferences are not drawn out of thin air, and it is the

1 nonmoving party's obligation to produce a factual predicate from which the inference
 2 may be drawn. *Richards v. Nielsen Freight Lines*, 602 F.Supp. 1224, 1244–45 (E.D.
 3 Cal. 1985), *aff'd*, 810 F.2d 898 (9th Cir. 1987). “[M]ere disagreement or the bald
 4 assertion that a genuine issue of material fact exists” does not preclude summary
 5 judgment. *Harper v. Wallingford*, 877 F.2d 728, 731 (9th Cir. 1989).

6 II. FACUAL SUMMARY

7 The following facts are taken from the Parties' pleadings and exhibits.¹

8 Unicolors, Inc. (“Unicolors”) is a Los Angeles-based textile converter. (Dkt.
 9 No. 26-1, Statement of Uncontroverted Facts (“SUF”) ¶ 1.) Unicolors creates two-
 10 dimensional works for use on textiles and garments, and files and receives copyright
 11 registrations for these works. (*Id.*) Unicolors pays companies that perform printing
 12 services to print fabric bearing Unicolors's exclusive designs and then it sells that
 13 fabric to its customer base. (SUF ¶ 2.) The customer base is composed mainly of
 14 companies that make and sell garments to retailers. (*Id.*) Unicolors generates
 15 business by marketing its line of designs to these customers, who will purchase
 16 Unicolors's fabric to create clothing that is sold at retail stores. (SUF ¶ 3.)

17 Unicolors claims to be the owner of the copyright registration to the Subject
 18 Design. (SUF ¶ 7; Dkt. Nos. 26-7, 26-8 (“Certificate of Registration”).) However,
 19 the owner of two-dimensional artwork at issue is a fact in dispute. The Subject
 20 Design was registered with the United States Copyright Office on February 23, 2009
 21 and allocated Registration VA-1-172-384. (SUF ¶ 7.) The Subject Design a “2-
 22 Demonstrional artwork” which is compromised of a collection of 27 designs or
 23 copyrighted works entitled “Flower 2009 (02).” (*Id.*)

24 After the Subject Design was created, Unicolors provided fabric samples to
 25

26 ¹ The Court has reviewed Defendants' objections to Unicolors's proposed uncontroverted statement
 27 of facts. (Dkt. No. 36.) Because the Court relied only on admissible evidence, except as otherwise
 28 noted, any objections that are inconsistent with the Court's ruling are **OVERRULED**. All other
 objections are **SUSTAINED**.

prospective customers, who are primarily suppliers to the Los Angeles fashion industry. (SUF ¶ 9.) Beginning in or around December 2014, Unicolors discovered garments (herein after the “Subject Garments”) bearing the Subject Design available for sale at Macy’s that had been manufactured by Notations. (SUF ¶ 10.) Unicolors never gave permission or authorization to either Macy’s or Notations to sell the Subject Garments bearing the Subject Design. (SUF ¶ 11.) Notations sold the Subject Garments to Macy’s. (SUF ¶ 12.) Notations internally designated the styles “MCFK0245” and “MCAD0293.” (*Id.*) Macy’s then sold the Subject Garments bearing the Subject Design to customers. (*Id.*) In December 2014, Unicolors’s counsel sent cease and desist letters to Macy’s and Notations regarding their unauthorized use of the Subject Design and the sale of the Subject Garments.² (SUF ¶ 13.)

On January 23, 2015, Unicolors filed the instant action alleging copyright infringement against Macy’s and Notations. (*See* Compl.) Both Parties now move for summary judgment on various issues. (*See* Pl. Mot.; Def. Mot.)

III. DISCUSSION

Unicolors moves for summary judgment on copyright infringement, as well as on vicarious and contributory infringement. Defendants move for summary judgment alleging that Plaintiff cannot prove that any infringement of Plaintiff’s distribution right by Defendants has caused Plaintiff to suffer any actual damage or harm and that Plaintiff cannot prove that the Defendants earned any additional profits caused by violating Plaintiff’s distribution right.

A. Unicolors Summary Judgment Motion on Copyright Infringement is DENIED Because a Triable Issue Exists as to Unicolors’s Ownership.

To prevail on its copyright infringement claim, Unicolors must prove (1) ownership of a valid copyright in the Subject Design; and (2) infringement, meaning

² Defendants dispute whether Macy’s received this cease and desist letter.

1 that Defendants copied protected elements of Unicolors's work. *Three Boys Music*
 2 *Corp. v. Bolton*, 212 F.3d 477, 481 (9th Cir. 2000); *Feist Publ'ns, Inc. v. Rural Tel.*
 3 *Serv. Co.*, 499 U.S. 340, 341 (1991); *Cavalier v. Random House, Inc.*, 297 F.3d 815,
 4 822 (9th Cir. 2002).

5 Defendants challenge Unicolors's claim on the first prong—whether Unicolors
 6 is the copyright owner of the Subject Design. (Dkt. No. 34, pp. 4-9.)

7 **1. Triable Issues Exists as to Whether Unicolors Have a Valid**
 8 **Copyright Registration.**

9 “Ownership of the copyright is . . . always a threshold question.” *Topolos v.*
 10 *Caldewey*, 698 F.2d 991, 994 (9th Cir. 1983). The ownership element of
 11 a copyright “breaks down into the following constituent parts: (1) authorship, and (2)
 12 copyrightability of the subject matter.” *Classic Concepts, Inc. v. Linen Source, Inc.*,
 13 Nos. CV 04–8088 GPS, CV 04–8457 GPS, 2006 WL 4756377, at * 1 (C.D. Cal. Apr.
 14 27, 2006) (citing 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, §
 15 13.01[A] (2005)). Under 17 U.S.C. § 410(c) (2011), the registration certificate
 16 constitutes *prima facie* evidence of the “validity of the copyright and the facts stated
 17 in the certificate.” A certificate of registration creates a presumption of ownership of
 18 a valid copyright, which the defendant has the burden to rebut. *Entertainment*
 19 *Research Group, Inc. v. Genesis Creative Group, Inc.*, 122 F.3d 1211, 1217 (9th Cir.
 20 1997).

21 Here, Unicolors has introduced evidence that it holds a Certificate of
 22 Registration, which covers 27 designs, for the Subject Design, issued within five years
 23 after the designs were first published. (*See* Certificate of Registration.) Therefore,
 24 Unicolors has established a rebuttable presumption that it owns a valid copyright in
 25 the Subject Design.

26 Defendants now have the burden to prove the invalidity of Unicolors's
 27 copyrights. *Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.*, 122
 28 F.3d 1211, 1217 (9th Cir. 1997) (A certificate of copyright registration, in other

1 words, “shifts to the defendant the burden to prove the invalidity of the
2 plaintiff’s copyrights.”); *accord Lamps Plus, Inc. v. Seattle Lighting Fixture Co.*, 345
3 F.3d 1140, 1144 (9th Cir. 2003) (“To rebut the presumption [of validity], an
4 infringement defendant must simply offer some evidence or proof to dispute or deny
5 the plaintiff’s prima facie case of infringement.”) (internal quotation and citation
6 omitted). In their Opposition, Defendants argue that, despite the Certificate of
7 Registration, Unicolors cannot satisfy the ownership element of its copyright
8 infringement claim because (1) Unicolors does not have a valid group registration, and
9 (2) Unicolors does not have a valid single work registration. (Dkt. No. 34, pp. 4-9.)

10 Multiple works, as the case here with the Subject Design containing 27
11 copyrighted works (*see* Certificate of Registration), may be registered for copyright
12 protection at one time, either through a single work registration or, for certain classes
13 of works, a group registration. 37 C.F.R. §§ 202.3(b)(4)-(10); 17 U.S.C.S. §
14 408; *R.F.M.A.S., Inc. v. Mimi So*, 619 F. Supp. 2d 39, 58 (S.D.N.Y. 2009). In the case
15 of published works, the Register of Copyrights has issued regulations permitting
16 group registration for “automated databases,” “related serials,” “daily newspapers,”
17 “contributions to periodicals,” “daily newsletters,” and “published photographs.” 37
18 C.F.R. § 202.3(b)(5)-(10). As with this matter, a “group registration of published
19 photographs” is available if a variety of conditions are met, including that the
20 photographs all have been published within the same calendar year. *Id.* at §
21 202.3(b)(10).

22 A single group work registration is available for “all copyrightable elements
23 that are otherwise recognizable as self-contained works, that are included in a single
24 unit of publication, and in which the copyright claimant is the same.” 37 C.F.R. §
25 202.3(b)(4)(i)(A). A single work registration for a collection of published works, as
26 the case here, requires that “all of the self-contained works be ‘included in a single
27 unit of publication’ and share the same copyright claimant.” *Kay Berry, Inc. v. Taylor*
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1 *Gifts, Inc., et al.*, 421 F.3d 199, 205 (3d Cir. 2005) (quoting 37 C.F.R. §
2 202.3(b)(4)(A)).

3 As to the first component of this argument, Defendants argue that group
4 registrations under the Copyright Act do not cover categories such as Unicolors's two-
5 dimensional textile design. (Dkt. No. 34, pp. 4-5.) Unicolors contends that its group
6 registration was proper because "[p]hotographs are nothing more than two
7 dimensional images just like two dimensional textile designs [which means] textile
8 designs fall within the same principle and intent behind permitting published
9 photographs to be registered as a group." (Dkt. No. 44, p. 2.)

10 Unicolors's arguments are unpersuasive. The proposition that because
11 photographs and textile designs are both two-dimensional images infers that the
12 Subject Design fall under the ambit of the federal group registrations, while creative,
13 lacks any legal foundation. Indeed, Unicolors provides no case law to support this
14 argument. A group registration is only available for automated databases, related
15 serials or periodicals, daily newspapers, contributions to periodicals, daily newsletters,
16 and published photographs. *See* 37 C.F.R. § 202.3(b)(5)-(10). The case here concerns
17 the Subject Design (and the 27 designs it is compromised of) which is described as a
18 "2-Dimensional artwork." (*See* Certificate of Registration.) However, none of the
19 categories mentioned in 37 C.F.R. § 202.3(b)(5)-(10) cover two-dimensional artwork
20 known as textile design. Therefore, the certificate of copyright registration for the
21 Subject Design should be treated as a single work registration. *Olander Enterprises,*
22 *Inc. v. Spencer Gifts, LLC*, 812 F.Supp.2d 1070, 1075 (C.D. Cal. 2011) ("Since belt
23 buckles are not covered by any of the categories of works that may be covered by
24 'group registration,' [plaintiff] must show that its registrations satisfy the regulatory
25 requirements for "single work" registration for a group of published works.");
26 *R.F.M.A.S, Inc. v. So*, 619 F. Supp.2d 39, 58 (S.D.N.Y. 2009) (plaintiff's registration
27 for jewelry designs not valid to the extent it purported to be a "group" registration).
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1 As for Defendants' second argument, they argue, *inter alia*, that the single work
2 copyright registration is questionable because Unicolors has failed to produce
3 evidence that the 27 component works of the registered collection have the same
4 publication date. (Dkt. No. 34, pp. 5-9.) According to Defendants, Unicolors "has not
5 submitted evidence to support the 'single unit of publication' requirement" which
6 presents a factual dispute regarding Unicolors's claim of owning a valid copyright.
7 (*Id.* at p. 6.)

8 As mentioned, an applicant may obtain a "single work" registration for a group
9 of published works if "all copyrightable elements . . . are otherwise recognizable as
10 self-contained works," the works "are included in a single unit of publication," and
11 "the copyright claimant is the same" for all of the works. 37 C.F.R. §
12 202.3(b)(4)(i)(A). While "[t]here is no controlling authority directly interpreting the
13 'single unit of publication' requirement[,] the Copyright Act defines the term
14 publication as "the distribution of copies or phonorecords of a work to the public by
15 sale or other transfer of ownership, or by rental, lease, or lending" *Olander*, 812
16 F.Supp.2d at 1076 (citing *United Fabrics Int'l, Inc. v. C & J Wear, Inc.*, 630 F.3d
17 1255, 1259 (9th Cir. 2011) (noting that "a necessary element of a published-collection
18 copyright is that the collection is sold, distributed or offered for sale concurrently"));
19 17 U.S.C. § 101. Consequently, as Defendants noted, "[a]ssuming . . . that a group of
20 27 dissimilar designs can constitute a valid single unit of publication for registration
21 of each individual design contained herein, the issue here is whether the individual
22 pieces displayed in the deposit were all first offered for sale or sold together at the
23 same time." (Dkt. No. 34, p. 7.)

24 Here, the Subject Design is registered under United States Registration VA-1-
25 172-384, the certificate for which states that the work was first published on February
26 6, 2009. (*See* Certificate of Registration.) Indeed, Unicolors provides testimony from
27 its person most knowledgeable, Nader Pazirandeh, to prove that the Subject Design
28 was sold as a collection on February 9, 2009. (Dkt. No. 44-3 (Nader Pazirandeh

Deposition), 32:24-33:1 (“Q: And [the first sale of the Subject Design] occurred on February 6th, 2009, as far as you are aware? A: Yes.”).) Defendants offer evidence alleging that the first sale of the Subject Design was on March 9, 2009 to a company called Conte, Inc. (See Dkt. Nos. 54, 55 (Unicolors’s invoices for the Subject Design).) Moreover, this sale of the Subject Design was separate from the other 26 component works. (*Id.*) In other words, there is a material factual dispute as to when the first sale of the Subject Design was sold as a single unit of publication, *i.e.* the full collection of works, rather than a separate sale of dissimilar designs. Unicolors’s testimonial evidence and Defendants’ evidence of invoices demonstrate that there are facts that remain unresolved. These various factual disputes raise doubts as to whether the Court can determine, as a matter of law, whether the Subject Design was first published as a single unit on February 6, 2009. Such a doubt warrants denying summary judgment in favor of Unicolors. *Johannes v. County of Los Angeles*, No. CV 02–03197–SVW (VBK), 2011 WL 6149253 at *6 (C.D. Cal. 2011) (“where the evidence conflicts, questions of credibility and motivation generally present an issue of material fact inappropriate for resolution on summary judgment” (citing *Allen v. Scribner*, 812 F.2d 426, 435, 437 (9th Cir.1987), *amended on other grounds*, 828 F.2d 1445 (9th Cir.1987))).

In light of the foregoing, Unicolors has not met its burden to establish ownership of the copyright to the Subject Design. First, the Subject Design does not fall within the enumerated categories under group registration regulations. Moreover, because triable issues exists as to whether Unicolors has a valid single work registration for the Subject Design, the Court find cannot find, as a matter of law, that Unicolors owns a valid copyright in the Subject Design. Thus, Unicolors has failed to prove the first element—that it owns a valid copyright registration—of this copyright infringement action, and Unicolors therefore cannot prevail on its summary judgment motion. *Smith v. Jackson*, 84 F.3d 1213, 1218 (9th Cir. 1996) (“To establish copyright infringement, a plaintiff *must* show that . . . she owns the allegedly infringed

work”) (emphasis added) (citation omitted).

Accordingly, the Court **DENIES** this Summary Judgment Motion.

B. Defendants’ Summary Judgment Motion Regarding Actual and Additional Profits is DENIED.

Defendants seek summary judgment alleging that Plaintiff cannot prove that any alleged infringement by Defendants caused actual damages or additional profits. (*See* Def. Mot.)

Under the Copyright Act, a plaintiff may recover statutory damages *or* actual damages and profits for infringement. 17 U.S.C. § 504(a) (emphasis added). Specifically, copyright damages include the copyright owner’s actual damages and the infringer’s actual profits, or statutory damages of up to \$150,000 per work. *See* 17 U.S.C. § 504; *see also Frank Music Corp. v. MGM, Inc.*, 772 F.2d 505, 512 n. 5 (9th Cir. 1985). As it pertains to actual damages, “the copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and not taken into account in computing the actual damages.” 17 U.S.C. § 504(b). “Actual damages are usually determined by the loss in the fair market value of the copyright, measured by the profits lost due to the infringement or by the value of the use of the copyrighted work to the infringer.” *McRoberts Software, Inc. v. Media 100, Inc.*, 329 F.3d 557, 566 (7th Cir.2003); *see also Mackie v. Rieser*, 296 F.3d 909, 914 (9th Cir. 2002) (approving of recovery of reasonable license fee). Under Section 504(b), actual damages must be suffered “as a result of the infringement,” and recoverable profits must be “attributable to the infringement.” “[A] causal link between the infringement and the monetary remedy sought is a predicate to recovery of both actual damages and profits.” *Polar Bear Productions, Inc. v. Timex Corp.*, 384 F.3d 700, 708 (9th Cir. 2004) (holding “that a plaintiff in a § 504(b) action must establish this causal connection, and that this requirement is akin to tort principles of causation and damages.”) (citation omitted).

1 Defendants' argument is premised on the belief that Unicolors is unable to
2 establish a causal link between Defendants' profits from the Subject Garments and the
3 infringing activity (which originated from the Subject Design). (*See generally* Def.
4 Mot.) Defendants presented an identical argument to the Honorable Otis D. Wright, II
5 in *United Fabrics, Int'l, Inc., v. G-III Apparel Group, Ltd., et al.*, No. CV13-00803,
6 2013 WL 7853485, at **7-8 (C.D. Cal. 2013). In that case, Judge Wright concluded
7 that "[t]he problem with Defendants' argument is that it hinges on Defendants'
8 knowledge. In order to entertain Defendants' arguments about merely being
9 "downstream infringers," the Court must first find that Defendants' infringement was
10 innocent. Since the Court has made no such finding, the Court cannot grant summary
11 judgment on the issue of actual damages." *Id.* This Court finds the *United Fabrics*
12 decision persuasive. In order to make findings that Defendants suggest, the Court
13 would have to find that the infringement was innocent. Such a determination rests on
14 what Defendants' knew while they were selling the Subject Garments. This is a fact
15 intensive question that would be inappropriate to decide on a summary judgment
16 motion. Rather, it is for a jury to determine whether Defendants' were innocent as
17 "downstream infringers."

18 The Court therefore **DENIES** Defendants' summary judgment on Unicolors's
19 actual damages and profits.

20 **IV. CONCLUSION**

21 Accordingly, Unicolors has failed to establish copyright infringement as a
22 matter of law. Unicolors's Motion for Summary Judgment is therefore **DENIED**.
23 (Dkt. No. 26.)

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1 As for Defendants' Motion for Summary Adjudication, Defendants have also
2 failed to meet their burden that Unicolors cannot prove additional damages as a matter
3 of law. Defendants' Motion is therefore **DENIED**. (Dkt. No. 24.)

4 **IT IS SO ORDERED.**

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6 Dated: February 4, 2016



HONORABLE ANDRÉ BIROTTE JR.
UNITED STATES DISTRICT COURT JUDGE